



Senate

General Assembly

January Session, 2011

File No. 633

Senate Bill No. 1222

Senate, April 26, 2011

The Committee on Judiciary reported through SEN. COLEMAN of the 2nd Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING PARENTS WITH CHILD SUPPORT OBLIGATIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (*Effective July 1, 2011*) (a) There is established a pilot
2 program in the superior court for family matters in the judicial districts
3 of Hartford and New Haven and another judicial district selected by
4 the Chief Court Administrator for the purpose of providing
5 employment opportunities for child support obligors. Under the pilot
6 program, no child support obligor may be incarcerated pursuant to a
7 contempt order under subdivision (8) of subsection (a) of section 17b-
8 745 of the general statutes, subdivision (6) of subsection (a) of section
9 46b-171 of the general statutes, subdivision (8) of subsection (a) of
10 section 46b-215 of the general statutes or subdivision (7) of subsection
11 (m) of section 46b-231 of the general statutes, solely on the basis of the
12 obligor's inability to pay, provided the obligor has applied in good
13 faith to the pilot program established in this section and has accepted
14 the employment opportunities offered under the program, if any. The

15 court or family support magistrate shall inform such obligor of the
16 program and provide the obligor an opportunity to apply to the
17 program prior to ordering such incarceration

18 (b) The judges of the superior court shall adopt rules to provide for
19 the referral of child support obligors to the program by a court or
20 family support magistrate. The Chief Court Administrator shall
21 prescribe application forms for the program and maintain a list of
22 participating employers who are accepting applications for
23 employment under the program and shall make such application
24 forms and list available to the courts and family support magistrates.
25 Any employer who participates in the program and provides
26 employment to a person referred to the employer under the program
27 may be eligible for a tax credit in accordance with section 2 of this act.

28 (c) Not later than July 1, 2012, the Chief Court Administrator shall
29 submit a report on the status of the program and participation in the
30 program to the joint standing committee of the General Assembly
31 having cognizance of matters relating to the judiciary, in accordance
32 with section 11-4a of the general statutes.

33 (d) The pilot program shall terminate December 31, 2012.

34 Sec. 2. (NEW) (*Effective July 1, 2011, and applicable to income years*
35 *commencing on or after January 1, 2011*) (a) As used in this section:

36 (1) "Business firm" means any business entity authorized to do
37 business in this state and subject to the corporation business tax
38 imposed under chapter 208 of the general statutes; and

39 (2) "Qualifying employee" means an employee who (A) is employed
40 not less than thirty hours per week by a business firm during an
41 income year of the business firm commencing on or after January 1,
42 2011, and (B) at the time of being hired by such business firm, has been
43 found by a court or family support magistrate to be a child support
44 obligor and referred to the pilot program established in section 1 of
45 this act by a court or family support magistrate. For the purposes of

46 this subdivision, the number of hours per week an employee
47 participates in a job training program approved by the Labor
48 Commissioner shall be included in calculating the number of hours
49 such employee is employed by a business firm.

50 (b) Any business firm that hires a qualifying employee in any
51 income year commencing on or after January 1, 2011, may apply to the
52 Labor Commissioner for an allocation of a credit against the tax
53 imposed under chapter 208 of the general statutes in an amount equal
54 to one hundred twenty-five dollars for each full month that such
55 employee is employed by such firm. The application submitted by a
56 business firm for a tax credit under this subsection shall set forth
57 information that said commissioner deems necessary in regulations
58 that the Labor Commissioner shall adopt in accordance with chapter
59 54 of the general statutes.

60 (c) Applications shall be submitted annually to the Labor
61 Commissioner on or after July first but not later than December thirty-
62 first. The commissioner shall approve or disapprove each application
63 not later than sixty days after its submission to the commissioner based
64 on (1) the compliance of such application with the provisions of this
65 section and regulations adopted under this section, and (2) the amount
66 of tax credits remaining in the annual allotment provided in this
67 section for the year involved. The commissioner shall approve
68 applications in the order in which they are received in the
69 commissioner's office between July first and December thirty-first of
70 each year. If the commissioner approves the application of a business
71 firm and the limit for tax credits for that year under subsection (e) of
72 this section has not yet been allocated, the commissioner shall allocate
73 and commit an amount of tax credits to such business firm in
74 accordance with this section. Any business firm receiving such an
75 allocation shall, not later than thirty days after the end of its income
76 year, submit a report on the number of full months that qualifying
77 employees were employed by such firm during such year.

78 (d) A business firm shall claim a tax credit under this section on the

79 tax return for the income year during which qualifying employees
80 were employed for full months by the business firm. Any tax credit not
81 used in the period for which the tax credit is allocated may be carried
82 forward for the five succeeding income years of the business firm until
83 the full credit has been allowed.

84 (e) The total amount of all tax credits allocated to all business firms
85 pursuant to the provisions of this section shall not exceed one million
86 dollars in any fiscal year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2011</i>	New section
Sec. 2	<i>July 1, 2011, and applicable to income years commencing on or after January 1, 2011</i>	New section

JUD *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 \$	FY 13 \$
Judicial Dept.	GF - Cost	225,000	112,500
Correction, Dept.	GF - Potential Savings	Minimal	Minimal
Labor Dept.	GF - Cost	109,996	84,996
Comptroller Misc. Accounts (Fringe Benefits) ¹	GF - Cost	20,195	20,195
Department of Revenue Services	GF - Revenue Loss	Up to 112,500	Up to 225,000

Note: GF=General Fund

Municipal Impact: None

Explanation

Section 1 establishes a pilot employment program in three judicial district locations (Hartford, New Haven and another judicial district selected by the Chief Court Administrator) for child support obligors. This program will be available to eligible individuals in lieu of incarceration. The establishment of this pilot program would result in a cost of \$255,000 in FY 12 and \$127,500 in FY 13² to the Judicial Department. This assumes an estimated 50 eligible child support obligors in each participating judicial district enroll in the program, at a cost per person of \$1,700.³

¹ The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated non-pension fringe benefit cost associated with personnel changes is 23.76% of payroll in FY 12 and FY 13. In addition, there could be an impact to potential liability for the applicable state pension funds.

² The FY 13 figure reflects half year costs, as the program is set to terminate on December 31, 2012.

³ This figure is based on the cost of existing programs within the Judicial Department that provide life skills, social skills, and job training skills to individuals. There are

Savings would ensue to the extent that the pilot program diverts individuals from incarceration and/or probation supervision. On average, it annually costs the state \$3,800 to supervise an offender on probation in the community as compared to \$48,545 to incarcerate an offender.

Section 2 results in an estimated revenue loss from the Corporation Business Tax of up to \$112,500 in FY 12 and up to \$225,000 in FY 13. This assumes that an estimated 150 child support obligors are eligible for the tax credit program established under the bill.

The Department of Labor will require one-time costs of \$25,000 for database development in FY 12 and on-going costs of \$105,191 for one Resources Associate (with an annual salary of \$84,996, plus fringe benefits) to administer the tax credits.

The Out Years

Since the program is due to terminate on December 31, 2012 under the bill, there is no out year impact for the pilot program. The annualized ongoing fiscal impact identified in Section 2 would continue into the future subject to inflation.

Sources: Core-CT Financial Accounting System

currently two vocational programs utilized by the CSSD servicing younger offenders on probation.

OLR Bill Analysis**SB 1222*****AN ACT CONCERNING PARENTS WITH CHILD SUPPORT OBLIGATIONS.*****SUMMARY:**

This bill creates an 18-month pilot program in three courts to provide employment opportunities for obligors (people required to pay child support) who would otherwise be incarcerated for contempt of court for failing to pay what they owe. It creates a related tax incentive program administered by the Department of Labor (DOL) commissioner for employers who hire obligors referred through the program. The total of all tax credits allocated to all firms under the bill cannot exceed \$1 million per fiscal year.

The chief court administrator must submit a status report on the program and participation by July 1, 2012. The pilot program ends December 31, 2012. It is unclear how the tax incentive program, which relies on employees referred through the pilot program, can continue after the pilot program ends.

EFFECTIVE DATE: July 1, 2011 for the pilot program and for the tax incentive program, and applicable to income years beginning on or after January 1, 2011.

PILOT PROGRAM

The three-court pilot program's purpose is to provide employment opportunities for child support obligors. It will operate in family courts in the judicial districts of Hartford and New Haven and at another court location the chief court administrator selects. Under the bill, no obligor may be incarcerated solely because he or she is unable to pay child support, so long as the obligor has applied in good faith to the pilot program and accepted the jobs offered.

The judge or family support magistrate must inform obligors at risk of incarceration and give them an opportunity to apply for the program.

Pilot Program Rules

Connecticut Superior Court judges must adopt rules governing the referral of obligors to the pilot program by a court or family support magistrate. The chief court administrator must develop application forms and keep a list of participating employers who are accepting applications under the program that she must make available to the courts and family support magistrates. Employers who participate in the program and hire a person from the list may be eligible for a tax credit.

TAX INCENTIVE PROGRAM

For the purposes of the bill, a “business firm” means any business entity authorized to do business in this state and subject to the corporation business tax. A “qualifying employee” is an employee who (1) is employed at least 30 hours weekly by a business firm during an income year beginning on or after January 1, 2011, and (2) at the time of hire, has been found by a court or family support magistrate to be an obligor and referred to the pilot program.

When calculating program compliance, the labor commissioner must add the number of hours per week an employee works in a DOL-approved job training program to the number of hours the employee works for a business firm.

Applications

Business firms that hire qualifying employees in any income year beginning on or after January 1, 2011 may apply to the labor commissioner for an allocation of a credit against the corporation tax. The credit is \$125 for each full month a qualifying employee worked for the firm. The application form must contain information that the labor commissioner deems necessary in regulations adopted under the Administrative Procedure Act.

Yearly Applications. Participating firms must complete applications yearly between July 1 and December 31. The DOL commissioner must approve or disapprove each application within 60 days after submission using criteria based on the (1) application's compliance with the bill's provisions and regulations and (2) amount of tax credits remaining in the annual allotment provided for the tax year involved.

The commissioner must act on applications in the order in which they are received. If he approves a firm's application and there are tax credits remaining for that year, he must allocate and commit the credits to it in accordance with the bill. Any firm receiving the allocation must, within 30 days after the end of its income year, submit a report on the number of qualifying employees it employed for full months during the year.

Claiming the Tax Credit

Firms claim the tax credit on their tax returns for the income year during which they employed qualifying employees for full months. They can carry forward any tax credit not used in the period for which it was allocated for the five succeeding income years until the full tax credit has been allowed.

COMMITTEE ACTION

Judiciary Committee

Joint Favorable

Yea 39 Nay 3 (04/06/2011)